

STATEMENT OF PURPOSE

RS23781

This legislation, the Streamlined Sales Tax Simplification Act, brings together the relevant applicable statutes affecting the collection of remote Idaho sales and use taxes. The sales/use tax statutes will be modified to join, with 24 other states, the Streamlined Sales Tax Governing Board. These changes do not create new taxes or create any product or organizational exemptions. Nor, does this bill eliminate any current or future exemptions. The Governing Board provides member states model language and procedures to bring uniformity to the way sales and use taxes would be applied to interstate commerce. The Governing Board operates much like the Uniform Laws Commission which offers uniform code to states for Commerce, Probate and Fraudulent/Voidable Transactions that may be impacted by interstate issues.

These changes establish a simplified system for remote vendors to voluntarily collect and remit sales taxes from sales that are currently due. However, heretofore, these taxes have not been collectable. Sellers with physical presence in Idaho (Nexus), which conduct interstate taxable sales will benefit from the uniformity provided by the Governing Board. The Board attempts to align state sales/use tax laws with the opinions offered in the 1992 US Supreme Court Decision, Quill vs. North Dakota. Recently, US Supreme Court Justice Anthony Kennedy stated that it was time to revisit the Quill vs. North Dakota decision of 1992. He stated that "After a half century of court rulings, Quill now harms states to a degree far greater than could have been anticipated earlier."

The amendments to Title 63 of Idaho Code creates uniformity of definitions and a new Chapter 46 to address the uniformity of administration of sales/use taxes, such as, uniform tax electronic reporting and use of an automated clearing house. Conflicts with the administration of local sales taxes are also addressed in this bill.

This bill does not change the nexus requirements on remote sellers, as this must be addressed in federal legislation and the federal courts.

FISCAL NOTE

In Fiscal Year 2016, the Idaho Tax Commission would be authorized to apply for member state status to the Streamlined Sales and Use Tax Governing Board, with an application fee of \$20,000. The state will incur an estimated \$259,000 in costs associated with the installation of the Gen Tax software and related expenses to prepare for integration with the certified service providers. The total 2016 fiscal impact is estimated at \$279,000.

In Fiscal Year 2017, there will be dues of \$26,000, less the \$20,000 application fee paid in 2016. These costs, and all costs associated with fiscal year 2016, should be offset by the estimated Voluntary Remote Seller Tax Collections of \$1 – \$3 million dollars in fiscal year 2017. If Congress passes the Market Place Fairness Act of 2015, estimates of revenue range from \$30 - \$50 million.

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